

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
APPROVAL OF MODIFICATIONS TO ITS GAS) PSC DOCKET NO. 19-0556
COST RATES (FILED AUGUST 26, 2019))

ORDER NO. 9553

AND NOW, this 19th day of February, 2020, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, on August 26, 2019, Delmarva Power & Light Company (“Delmarva” or the “Company”) filed with the Commission the above-captioned application (the “Application”) seeking approval to change its Gas Cost Rates (“GCR”) effective for usage on or after November 1, 2019, with proration, as follows: (1) revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG; (2) revise the volumetrically applied GCR factors applicable to Service Classifications RG, RGSB, GG, GL, and non-electing MVG; (3) approve the proposed Balancing Charge, Pressure Support Fee and Transition Cost Adjustment for the November 2019 – October 2020 GCR period; and (4) approve changes to Tariff Leaf Nos. 3b, 37, 37a, 38, 39, 41, 41a, 43, 46, 53, 55, 59, and 59a of the Company’s tariff to become effective on November 1, 2019; and

WHEREAS, by Order No. 9462 dated September 12, 2019, the Commission determined, pursuant to 26 *Del. C.* §§ 303(b), 304 and 306, that the proposed modifications to the GCR rates and other requested revisions to the Company’s natural gas tariff should be permitted to become effective for natural gas usage on or after November 1, 2019, with proration and subject to refund, pending further review and the Commission’s final decision; and

WHEREAS, Section XX.D of the Company's natural gas tariff requires that if, during a GCR year, an under-recovery in the GCR should exceed a 6% threshold, Delmarva should apply for a change in GCR; and

WHEREAS, on January 21, 2020, Delmarva submitted a letter application ("Letter Application") to the Commission: (1) advising the Commission that the December 2019 deferral amount exceeds the 6% threshold amount set forth in Section XX.D of the Company's tariff and is currently at 7.6%, or approximately \$4.9 million; and (2) requesting a waiver of Section XX.D requiring it to request an interim GCR increase; and

WHEREAS, Delmarva asserted that the most significant driver of the projected under-recovery was increased interstate pipeline demand costs; and

WHEREAS, Delmarva also asserted that the impact of rate increases from two of their interstate pipeline service providers resulted in increasing demand rates by approximately \$375,000 per month for one interstate pipeline service provider and \$60,000 per month for the other interstate pipeline service provider; and

WHEREAS, Delmarva represented that other contributing factors to the projected under-recovery were sales volume and commodity price variances, which include increased commodity costs related to the increased use of trucked LNG to refill the Company's LNG tank; and

and

WHEREAS, in its Letter Application, Delmarva stated that it was requesting a waiver of Section XX.D of its tariff because such a filing would not be in its customers' best interest because:

... The combined effect of the expected refund and reduced rates will eliminate the current under-recovery in the GCR . . . [and that] (a) Accomplishing an interim GCR modification would require a significant amount of time and resources, including: (i) preparation and filing of the necessary application by Delmarva; (ii) review by Commission Staff and its consultant; (iii) review

by the Public Advocate and its consultant; and (iv) review and approval by the Commission [and] (b) If the Commission were to approve the interim GCR increase, placing the increase into effect would also require: (i) notification of customers through separate letter and billing message; and (ii) programming of new interim rates into Delmarva's billing and accounting systems and then reversing those changes when the refunds are received several months later.

and;

WHEREAS, Staff has reviewed the Letter Application and recommends that the Company's requested waiver be granted; and

WHEREAS, the Division of the Public Advocate ("DPA") does not object to the requested waiver; and

WHEREAS, having reviewed the Letter Application and having considered the proffered reasons for the requested waiver, as well as Staff's recommendation regarding the requested waiver and the DPA's non-opposition to the requested waiver, the Commission concludes that the requested waiver should be granted for the reasons set forth in the Letter Application;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That Delmarva Power and Light Company's request for a waiver of the provisions of Section XX.D of its tariff is **GRANTED**.

2. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chairman

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary